

CHAPTER 8

What To Do When Benefits Are Approved



This chapter and the two chapters that follow look at how to assist an applicant to obtain benefits promptly once he or she is found disabled. In particular, this chapter covers the post-eligibility interview and the payment of retroactive benefits. Since SSDI beneficiaries do not have to provide evidence of their income and resources, most of the material in this chapter applies only to individuals who receive at least one dollar of SSI. 🌿

How will a case manager know a determination has been made?

Generally an applicant and his or her representative will receive a notice reporting a determination decision. Even if a case manager calls an SSA representative and hears that a claim has been approved, it is important to wait for official written approval from SSA before telling an applicant. Though records available to SSA field office might show the application was approved, the determination may be pending review by SSA quality review staff. If this is the case, quality review staff may review the medical decision and determine that the decision should be changed. Therefore, receipt of an official written notice of approval from SSA is necessary before informing applicants that they will be receiving SSI.

What happens after a favorable determination?

After a fully favorable decision has been made, the case manager should assist the applicant with the steps necessary for him or her to begin receiving benefits.

Verifying the onset date of a fully favorable decision

When reviewing a fully favorable decision, the first thing case managers should do is verify the onset date: the day SSA determined the applicant became disabled. In a fully favorable SSI decision, this date should correspond to the date on which the applicant filed his or her claim (the protective filing date or date of application). Generally, this is a formality. However, in the rare case in which the dates do not match, case managers need to determine the cause of the discrepancy.

If the onset date is earlier than the date of application, the claim could actually be a combined SSDI and SSI claim. Alternatively, the applicant could have made a prior application of which the representative was unaware, that was re-opened by the judge and took precedence over the more recent application. Both of those scenarios are good for the applicant, as they may result in receiving additional retroactive benefits.

However, if the onset date listed in a fully favorable decision is later than the date of application for SSI, then a mistake probably has been made somewhere within the ALJ's office. In this situation, the first step is to contact the ALJ's office and to speak with the judge's assistant. The assistant can check the judge's notes to determine what the judge intended when making the decision.

If the assistant concludes the judge made a clerical error, SSA regulations allow the judge to correct the error and issue a new decision. The case manager should send a letter for the case file requesting that the clerical error be corrected. This ensures that the agreement to correct the error is documented in writing in case there is a future dispute. If the corrected decision is not forthcoming, a printed record exists of the agreement to issue it.

Determining the date on which the applicant is first eligible to receive benefits.

Under SSI, benefits are payable starting with the first day of the month following the onset date. So if the SSI onset date is July 2, 2002, benefits are payable as of August 1, 2002. When the beneficiary will be receiving SSDI, however, benefits are payable beginning five months later. Thus, with a July 2, 2002, onset date, benefits will be paid starting January 1, 2003.

Attending an SSA office interview

Once an applicant has received a favorable decision and begins receiving benefits, he or she is referred to as the recipient instead of the applicant. Before benefits can be issued, however, the recipient must have an interview at the local SSA office to determine how much in retroactive and ongoing benefits he or she is eligible to receive. This determination is based on the person's income and resources from the date of application for SSI through the date of the interview, or the date on which all required non-medical documents were obtained. The interview is used to obtain information from the recipient that will enable SSA to make the correct calculation.

Preparing for the office interview

Soon after the applicant receives a fully favorable decision, the SSA office sends a letter setting up the interview. It is sometimes possible to accelerate this process. When a recipient receives a fully favorable decision, he or she can take the decision to the local SSA office. The local office either can interview the person right away or set up a future appointment.

To prepare for the interview, the recipient should get copies of any financial information relevant to his or her income and resources, dating back to the time when the application was filed. For example, he or she will need documentation of any earned or unearned income, as well as other financial records, such as bank statements. The recipient also will need to document any money that was received. The best form of documentation is written records or statements from employers or banks. Original documents must be brought in. The claims

A Model Letter to an ALJ's Assistant

Thank you for discussing the case of Mr. Smith with me yesterday. As we determined during that conversation, the onset date listed in Mr. Smith's fully favorable decision is incorrect. You informed me that this problem was due to a clerical error in your office. To resolve this matter, you agreed to issue a new decision, containing the correct onset date (provide date). I look forward to receiving this new decision shortly.

representative will photocopy them and certify the copies with an SSA date stamp and signature. If original documents are not available, however, a case manager should not hesitate to bring copies and explain the situation.

This information sometimes is difficult for people who are homeless to obtain. It is critical for case managers to work with recipients who are homeless to get all the information that can be collected before the interview, to ensure that the recipient receives the benefits to which he or she is entitled (see Chapter 4 for more details about how to document financial eligibility for SSI).

At the interview, the recipient will be asked to present the financial information. Case managers should attend this interview to help recipients with the presentation. Ideally, after the recipient provides financial documents, the claims representative will tell the recipient how much money he or she can expect to receive in retroactive benefits, if applicable, and in ongoing monthly benefit checks. If additional information is needed, the claims representative should provide the applicant with a written list of all information that must be collected.

How can case managers be sure that calculations are correct?

To determine if SSA is awarding the correct amount of retroactive and ongoing benefits, case managers should gain a general idea of the monthly SSI amount by using the SSI income/resource and living arrangements guidelines provided in the SSA handbook. However, these amounts are subject to change due to annual cost of living increase adjustments, as well as to the living arrangements, resources, and monthly income (earned and unearned) of the applicant.

Calculating the correct amount of retroactive benefits

The calculation of retroactive benefits can be performed with the following information:

- Onset date (or protective filing date);
- Type of living arrangement;
- Type of income and resources;
- Maximum monthly SSI benefit for each year since the onset date; and
- Amount of any deductions from the maximum benefit, for any month since the onset date.

For example, if a recipient, living alone, applied for SSI in January 2002 and received a fully favorable decision at the appeal level in March 2003, the recipient would be eligible for benefits beginning in February 2002. SSI benefits are payable beginning the first day of the month following the month of application, if all other non-medical requirements are met. Retroactive benefits would change if, from the date of application, the recipient had a friend give her \$100 every month to assist with the rental expense, and that friend was only going to give her \$50 per month after she began receiving her SSI checks. Retroactive benefits would be calculated as follows:

- For 2002, the maximum monthly SSI benefit was \$545. For each month in 2002 during which the recipient received \$100 in cash from a third party, this cash would be deducted from the maximum monthly benefit, minus the monthly unearned income disregard of \$20. Therefore, a total of \$80 per month would be deducted from the maximum monthly benefit. This amount would be multiplied by 11, the number of months in 2002 during which the recipient was eligible for SSI. Doing this calculation provides the amount of retroactive benefits due to the recipient for all of 2002. Here is the math:

- Monthly SSI benefit in 2002 = \$545
- Deduct \$100 monthly unearned income from friend = \$445

- Add \$20 income disregard = \$465 benefits due per month
- Multiply by number of months benefits due = $\$465 \times 11 = \$5,115$
- Total retroactive benefits due for 2002 = \$5,115

- For 2003, the maximum monthly benefit was \$552; the number of eligible months would be five, if the recipient is to be paid through the end of May.¹ So, the math would be as follows:

- Monthly SSI benefit in 2003 = \$552
- Deduct \$100 monthly unearned income from friend = \$452
- Add \$20 income disregard = \$472 benefits due per month
- Multiply by number of months benefits due = $\$472 \times 5 = \$2,360$
- Total retroactive benefits due for 2003 = \$2,360

- The total amount of retroactive benefits due would be $\$5,115 + 2,360 = \$7,475$.

Calculating the correct amount of ongoing benefits

Ongoing benefits are calculated in much the same way. Under the above example, the maximum monthly SSI benefit for 2003 was \$552. The recipient is getting \$50 in cash per month from a friend. There is a \$20

¹ While the example states that a favorable decision was received in March 2003, it is assumed that SSA will take several months to process the retroactive payment. Therefore, the months of April and May are included in the retroactive payment calculation.

unearned income disregard. Therefore, the recipient's monthly benefit would be $(\$552 - (\$50 - \$20)) = \$552 - \$30 = \522 .²

How are retroactive benefits paid?

Retroactive payments are made through lump-sum checks. Payment is made in one, two, or three installments, depending on the amount due. The rule of thumb is that benefits less than 12 times the Federal Benefit Rate (FBR) plus any State supplement are paid in a single installment, as soon as an applicant is found disabled and determined to be financially eligible for SSI. Benefits between 12 and 24 times this amount are paid in two installments, with the first installment being 12 times the FBR plus State supplement, and the second installment for the balance. That check is issued six months after the first one. Benefits over 24 times this amount are paid in three installments. The first two installments are each in the amount of 12 times the FBR plus supplement; the third installment covers the balance. A third installment, if necessary, would be made six months after the second payment. All remaining benefits are paid in the third installment.

Several exceptions are made to the rule on installment payments. First, installment payments do not apply if a recipient has a medical impairment expected to result in death within twelve months or if the recipient is ineligible for SSI benefits and is expected to remain ineligible for the next

twelve months. Under such circumstances, recipients receive all benefits in a single lump-sum check. Second, the amount of any installment payment can be increased by the amount of an applicant's total "outstanding debt for food, clothing, shelter, or medically necessary services, supplies or equipment, or medicine." Third, the amount of an installment payment can be increased by "current or anticipated expenses in the near future for medically necessary services, supplies or equipment, or medicine, or for the purchase of a home."³

Many people who are homeless have debts for food, clothing, shelter, medical care, and/or medicine. When meeting with applicants who have been found disabled, case managers should get information about any of these kinds of debts. If the applicant is to receive retroactive benefits in more than one installment, the case manager can have the initial installment raised by the amount of the debts by presenting this information to SSA. This could eliminate the need for a second installment.

When a claimant is entitled to both SSDI and SSI benefits, SSA utilizes a windfall offset provision to ensure that the claimant receives the correct amount of retroactive benefits. For example, if a claimant is entitled to \$220 per month in SSDI, \$200 would be counted and that claimant would be entitled to only \$352 per month in SSI (for calendar year 2003). This would bring the claimant up to the Federal Benefit Rate for 2003 of \$552.

² This example would not apply in all situations involving unearned income. In the example above, if the friend paid the \$50 directly to the landlord, or if "deemers" were involved (see Chapter 4), the calculation would be different.

³ 20 C.F.R. 416.545.

An Example of a Retroactive Benefit Payment

Suppose that the Federal Benefit Rate for all retroactive months is \$552, and the State supplement is \$48, for a total of \$600. A check for up to \$7200 (i.e., \$600 × 12) would be paid immediately in one installment. A check for an amount between \$7,200 and \$14,400 would be paid in two installments—one for \$7,200, and another six months later, for the balance. A check for more than \$14,400 would be paid in three installments—two installments of \$7,200 (separated by six months) and a final installment six months after the second, which would contain the balance due.

The claimant would not be allowed to collect a “windfall” by receiving a full monthly SSI payment of \$552 plus the \$220 in SSDI, for a total of \$772.

If the payment appears to be too low

Before SSA sends out a retroactive benefits check or begins to make ongoing monthly payments, a notice is mailed to the recipient and to that person’s representative, explaining how retroactive and ongoing benefits totals were calculated. Sometimes, the case manager’s calculation of the retroactive and/or ongoing benefits due is higher than the amount that SSA asserts is due. In such a situation, case managers should understand that this SSA notice can be appealed within 60 days of receipt by the recipient or his or her representative.

The best way to handle such a situation is to schedule another interview appointment for the recipient at the local SSA office. The case manager should attend that appointment, at which he or she should request an explanation of retroactive or ongoing benefits

calculations. If the case manager can show SSA staff that an error was made, the benefit will be recalculated to determine if more money is due the applicant.

The representative should be aware that asking for a recalculation could result in a decrease in monthly SSI benefits. SSA has a right to correct the error even though it may adversely affect the recipient. However, the recipient has the right to request an appeal and/or file a waiver on the overpayment.

If SSA does not believe an error was made, but the recipient and case manager continue to believe otherwise, the Request for Reconsideration form, as discussed in Chapter 7, should be completed and submitted to the local SSA office within 60 days of the decision. When filing for reconsideration over a financial issue, the recipient is entitled to ask for a formal meeting at the local SSA office. Requesting this type of meeting is strongly recommended. At the meeting, the recipient should be prepared to bring any papers or other evidence showing that he or she may be entitled to additional benefits. If the reconsideration decision is not favorable, the

recipient can appeal to an ALJ, then to the SSA Appeals Council and, finally to Federal court, just as in a case where the issue is proving disability.

If the payment appears to be too high

At times, a case manager's calculation of the retroactive benefits due may be lower than the amount that SSA states is owed to the recipient. If the case manager believes SSA has overstated the payment due the recipient, the case manager should discuss the situation immediately with the recipient. An overpayment is not a windfall that can be kept by the recipient without penalty. The case manager should advise the recipient to make arrangements to rectify the award. These funds frequently are reclaimed by SSA, and the recipient will need to be prepared to return the funds. More information about overpayment is discussed in Chapter 10.

How should retroactive benefits be spent?

The SSI resource limit is \$2,000 for an individual and \$3,000 for a couple. Once retroactive benefit checks are received from SSA, the cash received is not counted as a resource for the first nine months. To qualify for this exception, however, the funds must be kept separate from other money. Practically, this means that spending money from a retroactive SSI check should be tracked separately from other funds. The recipient should keep a complete, detailed record of when, where, and on what the money was spent.

Having unspent retroactive benefits after nine months should not be a problem for a person who is homeless, since he or she is likely to need items like food, clothing, and shelter—all of which can be expensive. Additionally, these funds can be spent on household goods and other personal items. Under SSA regulations, household goods worth up to \$2,000 are excluded as resources, and in practice, SSA rarely verifies the worth of household goods. Also, retroactive benefits can be used to purchase an excluded resource, such as a car. Retroactive benefits can be spent on all of these things, and on many other things, in order to bring a bank account balance below the SSI resource limit.

Case managers should be aware that when funds are used to rent an apartment, they also can be used to prepay rent for months in advance. While most landlords require only a month's rent plus a security deposit, typically landlords are more than happy to accept prepaid rent for additional months. Prepaying rent can reduce the amount of assets a person has to put him or her under the resource limits.

Whenever retroactive benefits are deposited, transferred, or spent, receipts should be kept to show SSA how funds were moved or disposed, if ever required. Case managers should work with recipients to make sure they can account for the use of retroactive payments to ensure that monthly benefit payments are not cut off due to excess resources. For more information about income and resource rules, including transfers and exclusions, refer back to Chapter 4.

Summary

Even after applicants are informed that their disability claims are approved, case managers still play a major role. The interview subsequent to the approval notice will determine how much money recipients are paid in retroactive and ongoing benefits. It is a crucial process during which case managers can be of assistance to recipients. Case managers can help obtain and organize financial documents, as well as work with the recipient and the claims representative to ensure all calculations are done correctly.